



OSAGE COUNTY, MISSOURI

TWO YEARS ENDED DECEMBER 31, 1999

**From The Office Of State Auditor  
Claire McCaskill**

Report No. 2000-121  
December 1, 2000  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)

**AUDIT REPORT**



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

December 2000

[www.auditor.state.mo.us](http://www.auditor.state.mo.us)

**IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Osage, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also perform a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and does not interfere with the State Auditor's constitutional responsibility of auditing state government.**

**Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.**

---

This audit of Osage County was a financial and compliance audit of various county operating funds.

- In years past, the county had not sufficiently reduced its property tax revenues by 50 percent of the sales tax revenues as provided in the ballot issue passed by Osage County voters. However, the rollback for each of the two years ended December 31, 1999 and 1998 was sufficient as compared to each year's sales tax collections. The rollback also resulted in a reduction in the amount of prior years' excess property tax revenue collections from approximately \$340,000 at December 31, 1997, to approximately \$285,000 at December 31, 1999. Additional reductions will need to be made in future years to further reduce the amount of prior years' excess property tax revenue collections.

The audit also includes some other matters upon which the county should consider and take appropriate corrective action.

**Copies of the audit are available upon request.**

YELLOW SHEET

OSAGE COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
State Auditor's Reports: .....	2-6
Financial Statements .....	3-4
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	5-6
Financial Statements: .....	7-21

<u>Exhibit</u>	<u>Description</u>	
	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds	
A-1	Year Ended December 31, 1999 .....	8
A-2	Year Ended December 31, 1998 .....	9
	<u>General Revenue Fund</u>	
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998 .....	10
	<u>Special Road and Bridge Fund</u>	
C	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998 .....	11
	<u>Assessment Fund</u>	
D	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998 .....	12
	<u>Law Enforcement Training Fund</u>	
E	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998 .....	13
	<u>Prosecuting Attorney Training Fund</u>	
F	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998 .....	14

OSAGE COUNTY, MISSOURI

TABLE OF CONTENTS

Page

FINANCIAL SECTION

---

Financial Statements:

<u>Exhibit</u>	<u>Description</u>	
G	<u>Emergency Management Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998 .....	15
H	<u>Prosecuting Attorney Bad Check Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998 .....	16
I	<u>Law Enforcement Equipment Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998 .....	17
J	<u>Collector Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998 .....	18
K	<u>Sheriff Fund</u> Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Year Ended December 31, 1999 .....	19
L	<u>Family Court Fund</u> Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Year Ended December 31, 1999 .....	20
M	<u>Recorder's User Fee Fund</u> Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Year Ended December 31, 1999 .....	21

OSAGE COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
Notes to the Financial Statements.....	22-25
Schedule:.....	26-28
Schedule of Findings, Years Ended December 31, 1999 and 1998.....	27-28
<u>Number</u>	<u>Description</u>
99-1.    Sales Tax .....	27
Follow-Up on Prior Audit Findings.....	29-30
<u>SECTION ON OTHER MATTERS</u>	
Letter on Other Matters.....	32

FINANCIAL SECTION

State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON  
THE FINANCIAL STATEMENTS

To the County Commission  
and  
Officeholders of Osage County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Osage County, Missouri, as of and for the years ended December 31, 1999 and 1998, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

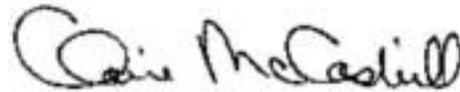
We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Osage County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Osage County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Osage County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31,

1999 and 1998, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we also have issued our report dated July 27, 2000, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill  
State Auditor

July 27, 2000 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	John Luetkemeyer, CPA
In-Charge Auditor:	Debbie Hill, CPA
Audit Staff:	Robyn Vogt
	Jerry Lamprecht, Jr., CPA



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission  
and  
Officeholders of Osage County, Missouri

We have audited the special-purpose financial statements of various funds of Osage County, Missouri, as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated July 27, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

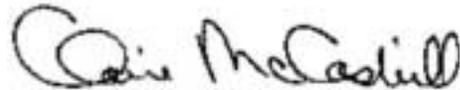
As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Osage County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings as finding number 99-1. We also noted certain immaterial instances of noncompliance, which we have reported to the management of the county in the accompanying Letter on Other Matters.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Osage County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material

weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to the management of the county in the accompanying Letter on Other Matters.

This report is intended for the information of the management of Osage County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill  
State Auditor

July 27, 2000 (fieldwork completion date)

## Financial Statements

Exhibit A-1

OSAGE COUNTY, MISSOURI  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
 YEAR ENDED DECEMBER 31, 1999

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 140,085	844,302	853,598	130,789
Special Road and Bridge	253,420	787,934	803,854	237,500
Assessment	4,057	110,463	107,840	6,680
Law Enforcement Training	3,116	1,944	1,420	3,640
Prosecuting Attorney Training	580	593	828	345
Emergency Management	22,103	48,291	31,655	38,739
Prosecuting Attorney Bad Check	7,984	8,950	3,913	13,021
Law Enforcement Equipment	1,540	375	779	1,136
Collector	372	1,855	1,373	854
Sheriff	3,560	5,157	4,765	3,952
Family Court	0	1,320	0	1,320
Recorder's User Fee	15,873	5,276	18,041	3,108
Use Tax	71,055	2,161	0	73,216
Domestic Violence	30	305	0	335
Prosecuting Attorney Delinquent Tax	354	1,442	1,493	303
Circuit Clerk Interest	5,779	1,701	1,073	6,407
Associate Circuit Division Interest	343	117	17	443
Law Library	997	1,445	2,138	304
Total	\$ 531,248	1,823,630	1,832,786	522,092

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

OSAGE COUNTY, MISSOURI  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
 YEAR ENDED DECEMBER 31, 1998

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 135,899	825,958	821,772	140,085
Special Road and Bridge	174,198	863,277	784,055	253,420
Assessment	5,850	102,668	104,461	4,057
Law Enforcement Training	2,104	2,656	1,644	3,116
Prosecuting Attorney Training	388	970	778	580
Emergency Management	16,544	44,298	38,739	22,103
Prosecuting Attorney Bad Check	5,744	9,752	7,512	7,984
Law Enforcement Equipment	1,215	325	0	1,540
Collector	126	1,600	1,354	372
Sheriff	1,723	5,988	4,151	3,560
Recorder's User Fee	12,182	5,396	1,705	15,873
Use Tax	68,883	2,172	0	71,055
Domestic Violence	1,430	400	1,800	30
Prosecuting Attorney Delinquent Tax	16	596	258	354
Circuit Clerk Interest	6,358	1,630	2,209	5,779
Associate Circuit Division Interest	256	170	83	343
Law Library	1,379	1,267	1,649	997
Total	\$ 434,295	1,869,124	1,772,171	531,248

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

OSAGE COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 GENERAL REVENUE FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>						
Property taxes	\$ 173,500	172,945	(555)	169,400	171,493	2,093
Sales taxes	360,000	372,119	12,119	350,000	336,635	(13,365)
Intergovernmental	70,071	60,686	(9,385)	67,495	69,918	2,423
Charges for services	194,100	174,515	(19,585)	184,000	185,215	1,215
Interest	16,000	13,526	(2,474)	13,500	15,192	1,692
Other	13,003	15,646	2,643	12,106	13,397	1,291
Transfers in	84,993	34,865	(50,128)	35,093	34,108	(985)
<b>Total Receipts</b>	<b>911,667</b>	<b>844,302</b>	<b>(67,365)</b>	<b>831,594</b>	<b>825,958</b>	<b>(5,636)</b>
<b>DISBURSEMENTS</b>						
County Commission	68,906	68,491	415	54,165	53,965	200
County Clerk	59,712	59,338	374	54,725	54,482	243
Elections	28,860	22,267	6,593	52,445	52,151	294
Buildings and grounds	108,900	39,150	69,750	55,557	41,398	14,159
Employee fringe benefits	52,800	50,092	2,708	48,300	47,032	1,268
County Treasurer	25,126	24,768	358	21,590	20,481	1,109
County Collector	57,089	55,384	1,705	54,999	54,229	770
Ex Officio Recorder of Deeds	42,547	39,118	3,429	27,475	23,385	4,090
Associate Circuit Court	10,700	7,501	3,199	12,800	8,940	3,860
Court administration	100	0	100	150	0	150
Public Administrator	7,450	5,933	1,517	6,500	2,631	3,869
Sheriff	262,618	252,422	10,196	233,477	233,091	386
Jail	56,103	35,109	20,994	38,270	33,677	4,593
Prosecuting Attorney	85,724	79,810	5,914	84,378	84,344	34
Juvenile Officer	28,236	22,462	5,774	37,744	29,600	8,144
County Coroner	9,160	10,399	(1,239)	8,975	7,025	1,950
Other General County Government	67,821	62,482	5,339	65,460	56,692	8,768
Public Defender	1,335	1,558	(223)	1,335	1,335	0
Public health and welfare services	12,470	12,470	0	12,470	12,470	0
Transfers out	4,844	4,844	0	4,844	4,844	0
Emergency Fund	29,400	0	29,400	26,170	0	26,170
<b>Total Disbursements</b>	<b>1,019,901</b>	<b>853,598</b>	<b>166,303</b>	<b>901,829</b>	<b>821,772</b>	<b>80,057</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>(108,234)</b>	<b>(9,296)</b>	<b>98,938</b>	<b>(70,235)</b>	<b>4,186</b>	<b>74,421</b>
<b>CASH, JANUARY 1</b>	<b>140,085</b>	<b>140,085</b>	<b>0</b>	<b>135,899</b>	<b>135,899</b>	<b>0</b>
<b>CASH, DECEMBER 31</b>	<b>\$ 31,851</b>	<b>130,789</b>	<b>98,938</b>	<b>65,664</b>	<b>140,085</b>	<b>74,421</b>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C

OSAGE COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 SPECIAL ROAD AND BRIDGE FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>						
Property taxes	\$ 168,300	175,646	7,346	163,400	165,467	2,067
Intergovernmental	607,555	589,472	(18,083)	673,862	682,785	8,923
Charges for services	1,000	0	(1,000)	1,800	1,125	(675)
Interest	13,000	11,922	(1,078)	13,000	12,819	(181)
Other	1,100	10,894	9,794	500	1,081	581
Total Receipts	<u>790,955</u>	<u>787,934</u>	<u>(3,021)</u>	<u>852,562</u>	<u>863,277</u>	<u>10,715</u>
<b>DISBURSEMENTS</b>						
Salaries	276,647	256,300	20,347	266,006	245,538	20,468
Employee fringe benefits	47,500	38,567	8,933	46,700	40,723	5,977
Supplies	134,375	104,113	30,262	120,500	114,664	5,836
Insurance	13,050	13,366	(316)	12,050	12,756	(706)
Road and bridge materials	199,875	159,741	40,134	163,000	93,823	69,177
Rentals	13,000	669	12,331	11,000	350	10,650
Equipment purchases	201,425	131,445	69,980	119,800	92,319	27,481
Construction, repair, and maintenance	39,455	48,014	(8,559)	172,787	131,714	41,073
Other	38,000	36,639	1,361	36,200	37,168	(968)
Transfers out	15,000	15,000	0	15,000	15,000	0
Total Disbursements	<u>978,327</u>	<u>803,854</u>	<u>174,473</u>	<u>963,043</u>	<u>784,055</u>	<u>178,988</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(187,372)	(15,920)	171,452	(110,481)	79,222	189,703
CASH, JANUARY 1	253,420	253,420	0	174,198	174,198	0
CASH, DECEMBER 31	<u>\$ 66,048</u>	<u>237,500</u>	<u>171,452</u>	<u>63,717</u>	<u>253,420</u>	<u>189,703</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit D

OSAGE COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 ASSESSMENT FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>						
Intergovernmental	\$ 105,335	108,193	2,858	102,850	99,994	(2,856)
Charges for services	2,700	1,388	(1,312)	2,500	1,584	(916)
Interest	0	882	882	850	1,090	240
Other	0	0	0	5,700	0	(5,700)
Total Receipts	108,035	110,463	2,428	111,900	102,668	(9,232)
<b>DISBURSEMENTS</b>						
Assessor	108,123	107,840	283	111,585	104,461	7,124
Total Disbursements	108,123	107,840	283	111,585	104,461	7,124
RECEIPTS OVER (UNDER) DISBURSEMENTS	(88)	2,623	2,711	315	(1,793)	(2,108)
CASH, JANUARY 1	4,057	4,057	0	5,850	5,850	0
CASH, DECEMBER 31	\$ 3,969	6,680	2,711	6,165	4,057	(2,108)

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit E

OSAGE COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 LAW ENFORCEMENT TRAINING FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 0	0	0	0	683	683
Charges for services	2,500	1,944	(556)	2,000	1,973	(27)
Total Receipts	<u>2,500</u>	<u>1,944</u>	<u>(556)</u>	<u>2,000</u>	<u>2,656</u>	<u>656</u>
DISBURSEMENTS						
Sheriff	2,000	1,420	580	1,945	1,644	301
Total Disbursements	<u>2,000</u>	<u>1,420</u>	<u>580</u>	<u>1,945</u>	<u>1,644</u>	<u>301</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	524	24	55	1,012	957
CASH, JANUARY 1	3,116	3,116	0	2,104	2,104	0
CASH, DECEMBER 31	<u>\$ 3,616</u>	<u>3,640</u>	<u>24</u>	<u>2,159</u>	<u>3,116</u>	<u>957</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit F

OSAGE COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 PROSECUTING ATTORNEY TRAINING FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 1,035	593	(442)	1,035	970	(65)
Total Receipts	1,035	593	(442)	1,035	970	(65)
DISBURSEMENTS						
Prosecuting Attorney	1,100	828	272	1,000	778	222
Total Disbursements	1,100	828	272	1,000	778	222
RECEIPTS OVER (UNDER) DISBURSEMENTS	(65)	(235)	(170)	35	192	157
CASH, JANUARY 1	580	580	0	388	388	0
CASH, DECEMBER 31	\$ 515	345	(170)	423	580	157

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit G

OSAGE COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 EMERGENCY MANAGEMENT FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>						
Intergovernmental	\$ 2,000	7,089	5,089	4,000	8,146	4,146
Interest	800	1,358	558	600	1,261	661
Other	35,195	35,000	(195)	30,180	30,047	(133)
Transfers in	4,844	4,844	0	4,844	4,844	0
Total Receipts	<u>42,839</u>	<u>48,291</u>	<u>5,452</u>	<u>39,624</u>	<u>44,298</u>	<u>4,674</u>
<b>DISBURSEMENTS</b>						
Salaries	11,896	7,813	4,083	11,000	10,598	402
Office expenditures	2,800	2,088	712	2,260	2,390	(130)
Equipment	4,816	1,847	2,969	2,816	3,029	(213)
Mileage and training	3,300	489	2,811	2,350	723	1,627
Other	420	325	95	325	2,906	(2,581)
Transfers out	19,093	19,093	0	19,093	19,093	0
Total Disbursements	<u>42,325</u>	<u>31,655</u>	<u>10,670</u>	<u>37,844</u>	<u>38,739</u>	<u>(895)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	514	16,636	16,122	1,780	5,559	3,779
CASH, JANUARY 1	22,103	22,103	0	16,544	16,544	0
CASH, DECEMBER 31	<u>\$ 22,617</u>	<u>38,739</u>	<u>16,122</u>	<u>18,324</u>	<u>22,103</u>	<u>3,779</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit H

OSAGE COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 PROSECUTING ATTORNEY BAD CHECK FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 10,000	8,601	(1,399)	13,000	9,480	(3,520)
Interest	0	349	349	0	272	272
Total Receipts	10,000	8,950	(1,050)	13,000	9,752	(3,248)
DISBURSEMENTS						
Prosecuting Attorney	16,500	3,913	12,587	18,500	7,512	10,988
Total Disbursements	16,500	3,913	12,587	18,500	7,512	10,988
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,500)	5,037	11,537	(5,500)	2,240	7,740
CASH, JANUARY 1	7,984	7,984	0	5,744	5,744	0
CASH, DECEMBER 31	\$ 1,484	13,021	11,537	244	7,984	7,740

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit I

OSAGE COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 LAW ENFORCEMENT EQUIPMENT FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Donations	\$ 0	375	375	1,215	325	(890)
Total Receipts	0	375	375	1,215	325	(890)
DISBURSEMENTS						
Equipment	1,500	779	721	1,000	0	1,000
Total Disbursements	1,500	779	721	1,000	0	1,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,500)	(404)	1,096	215	325	110
CASH, JANUARY 1	1,540	1,540	0	1,215	1,215	0
CASH, DECEMBER 31	\$ 40	1,136	1,096	1,430	1,540	110

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit J

OSAGE COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 COLLECTOR FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for Services	\$ 1,700	1,855	155	1,400	1,600	200
Total Receipts	<u>1,700</u>	<u>1,855</u>	<u>155</u>	<u>1,400</u>	<u>1,600</u>	<u>200</u>
DISBURSEMENTS						
County Collector	1,500	1,373	127	1,380	1,354	26
Total Disbursements	<u>1,500</u>	<u>1,373</u>	<u>127</u>	<u>1,380</u>	<u>1,354</u>	<u>26</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	200	482	282	20	246	226
CASH, JANUARY 1	372	372	0	126	126	0
CASH, DECEMBER 31	<u>\$ 572</u>	<u>854</u>	<u>282</u>	<u>146</u>	<u>372</u>	<u>226</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit K

OSAGE COUNTY, MISSOURI  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 SHERIFF FUND

	Year Ended December 31,		
	1999		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Charges for services	\$ 5,000	5,157	157
Total Receipts	5,000	5,157	157
DISBURSEMENTS			
Sheriff	5,000	4,765	235
Total Disbursements	5,000	4,765	235
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	392	392
CASH, JANUARY 1	3,560	3,560	0
CASH, DECEMBER 31	\$ 3,560	3,952	392

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit L

OSAGE COUNTY, MISSOURI  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 FAMILY COURT FUND

	Year Ended December 31,		
	1999		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Charges for services	\$ 2,000	1,320	(680)
Total Receipts	2,000	1,320	(680)
DISBURSEMENTS			
Other	2,000	0	2,000
Total Disbursements	2,000	0	2,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,320	1,320
CASH, JANUARY 1	0	0	0
CASH, DECEMBER 31	\$ 0	1,320	1,320

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit M

OSAGE COUNTY, MISSOURI  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 RECORDER'S USER FEE FUND

	Year Ended December 31,		
	1999		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Charges for services	\$ 5,500	5,276	(224)
Total Receipts	5,500	5,276	(224)
DISBURSEMENTS			
Ex Officio Recorder of Deeds	18,900	18,041	859
Total Disbursements	18,900	18,041	859
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,400)	(12,765)	635
CASH, JANUARY 1	15,874	15,874	0
CASH, DECEMBER 31	\$ 2,474	3,109	635

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

OSAGE COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Osage County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission or an elected county official. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from generally accepted accounting principles, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 1994 and RSMo Cumulative Supp. 1999, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Use Tax	1999 and 1998
Domestic Violence	1999 and 1998
Circuit Clerk Interest	1999 and 1998
Associate Circuit Division Interest	1999 and 1998
Law Library	1999 and 1998
Sheriff	1998
Recorder's User Fee	1998

Warrants issued were in excess of budgeted amounts for the Emergency Management Fund in 1998. Section 50.740, RSMo 1994, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 1994, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Use Tax	1999 and 1998
Domestic Violence	1999 and 1998
Prosecuting Attorney Delinquent Tax	1999 and 1998
Circuit Clerk Interest	1999 and 1998
Associate Circuit Division Interest	1999 and 1998
Law Library	1999 and 1998
Family Court	1999
Sheriff	1998
Recorder's User Fee	1998

2. Cash

Section 110.270, RSMo 1994, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo Cumulative Supp. 1999, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 1999 and 1998, were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name.

3. Property Taxes

Through December 31, 1999, Osage County collected \$285,076 in excess property taxes. Section 67.505, RSMo 1994, requires the county to reduce property taxes for a percentage of sales taxes collected. Osage County voters enacted a 1/2 cent sales tax with a provision to reduce property taxes by 50 percent of sales taxes collected. Tax levies were not reduced sufficiently for actual sales tax collections.

A lawsuit was filed June 30, 1998 by county residents against the county and various county officials alleging the county has collected excess property taxes and has failed to comply with various statutes and the Hancock Amendment. The lawsuit seeks refunds and payment of court costs and attorney fees, as well as an injunction to prevent the various defendants from spending any money that is subject to refund to the taxpayers.

Schedule

OSAGE COUNTY, MISSOURI  
SCHEDULE OF FINDINGS  
YEARS ENDED DECEMBER 31, 1999 AND 1998

This schedule includes the audit finding that *Government Auditing Standards* requires to be reported for an audit of financial statements.

**99-1. Sales Tax**

In years past, the county had not sufficiently reduced its property tax revenues by 50 percent of the sales tax revenues as provided in the ballot issue passed by the Osage County voters under the provisions of Section 67.505, RSMo 1994.

As indicated by the following calculations, the net excess property tax revenues collected as of December 31, 1999 and 1998 have decreased since our prior audit:

	Year Ended December 31,	
	1999	1998
ACTUAL SALES TAX REVENUE	\$ 372,119	336,635
Required percentage of revenue reduction	x 50%	50%
Required property tax revenue reduction	186,060	168,318
Assessed Valuation	122,817,418	118,400,897
General Revenue Fund tax levy reduction (per \$100 of assessed valuation)	x 0.17	0.17
Actual property tax revenue reduction	208,789	201,282
EXCESS PROPERTY TAX REVENUES COLLECTED	(22,729)	(32,964)
Excess property tax revenue collections from prior years	307,805	340,769
NET EXCESS	\$ 285,076	307,805

The rollback for each of the two years ended December 31, 1999 and 1998 was sufficient as compared to each year's sales tax collections and also resulted in some reduction in the balance of prior years' excess property tax revenue collections. Additional reductions will need to be made in future years to offset the balance of prior years' excess property tax revenue collections. A review of 2000 assessed valuations and estimated sales tax revenues indicated that the countywide tax levies would have to be reduced by 37 cents to eliminate all

excess property tax revenues collected for prior years and comply with the sales tax proposal passed by the voters. However, the 2000 general revenue tax rate ceiling is only 31 cents, and the County Commission set the actual tax rate at 13 cents.

This condition was noted in several previous reports.

**WE AGAIN RECOMMEND** the County Commission continue to ensure appropriate adjustments are made to the levy to reduce the amount of excess property taxes collected in prior years.

**AUDITEE'S RESPONSE**

*We concur and will do the best we can to reduce this amount as soon as possible over the coming years.*

## Follow-Up on Prior Audit Findings

OSAGE COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Osage County, Missouri, on a certain finding in our prior audit report issued for the two years ended December 31, 1997. The finding is the one that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Sales Tax

At December 31, 1997, the county had collected \$340,769 in excess property taxes by not adequately reducing property tax levies for sales tax revenues.

Recommendation

The County Commission ensure appropriate adjustments are made to the levy to significantly reduce the amount of excess property taxes collected in prior years.

Status

Partially implemented. The County has reduced their excess property tax collections by \$55,693 during the two years ended December 31, 1999. See Finding Number 99-1.

SECTION ON OTHER MATTERS

OSAGE COUNTY, MISSOURI  
LETTER ON OTHER MATTERS

We have audited the special-purpose financial statements of various funds of Osage County, Missouri, as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated July 27, 2000.

We did not review the operations of elected officials with funds other than those presented in the special-purpose financial statements. The operations of such officials will be reviewed and reported on during the state auditor's next scheduled audit of the county.

This Letter on Other Matters presents matters other than the findings, if any, reported in the accompanying Schedule of Findings. These matters resulted from our audit of the special-purpose financial statements of Osage County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*. Nevertheless, the county should consider these matters and take appropriate corrective action.

1. Time Sheets and Leave Records

Full-time Sheriff's Department deputies do not complete or submit time sheets to the County Clerk to account for hours worked. In addition, each county department is responsible for maintaining leave records on their employees; however, such records are not forwarded to the County Clerk so that centralized leave records may be maintained.

2. General Fixed Asset Records

A physical inventory was not performed during the two years ended December 31, 1999. Some general fixed asset purchases and dispositions were not recorded on the general fixed asset listing.

3. Contracts

Osage County receives monthly reimbursements from the City of Linn and the Osage Ambulance District for services, however there are no written agreements with these entities regarding these reimbursements.

This Letter on Other Matters is intended for the information of the management of Osage County, Missouri, and other applicable government officials. However, this letter is a matter of public record and its distribution is not limited.